



OFFICE OF RACIAL EQUITY AND SOCIAL JUSTICE

Marc Elrich
County Executive

Tiffany Ward
Director and Chief Equity Officer

MEMORANDUM

March 10, 2023

To: Jennifer Bryant, Director
Office of Management and Budget

From: Tiffany Ward, Director
Office of Racial Equity and Social Justice 

Re: Racial Equity Impact Assessment (REIA) Supplemental Appropriation (SA) #23-65
Purple Line Light Rail Project Grant Program

- I. **FINDING:** The Office of Racial Equity and Social Justice (ORESJ) finds that Supplemental Appropriation #23-65 – *Purple Line Light Rail Project Grant Program* – has the ability to advance racial equity and social justice in the County. As previously noted in the REIA for the [Purple Line Grant Program](#), the grant’s geographic targeting of small businesses along the Purple Line Corridor as well as the selection of the Latino Economic Development Corporation (LEDC)¹ as the grant administrator creates opportunities for small business owners of color to access financial resources, helping them overcome Purple Line construction impacts and challenges stemming from the COVID-19 pandemic.
- II. **BACKGROUND:** The purpose of Supplemental Appropriation #23-65 – Purple Line Light Rail Project Grant Program – is for Montgomery County to administer grants made available by the State of Maryland’s Department of Commerce to eligible small businesses impacted by construction of the Purple Line. Eligible grant recipients will be rewarded up to \$5,000 per business to be distributed through LEDC². Eligibility is determined by an applicant’s ability to demonstrate that they are a small business that is either a sole proprietorship, a partnership, a limited partnership, a limited liability partnership, a limited liability company, or a corporation that:

¹ Latino Economic Development Corporation. Available at: <https://www.ledcmetro.org/>

² Latino Economic Development Corporation. Purple Line Light Rail Grant Program (Closed). Available at: https://www.ledcmetro.org/purple_line_grant

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- Was open prior to Aug. 1, 2017;
- Employs 20 or fewer employees;
- Is independently owned and operated;
- Is not a subsidiary of another business;
- Is not dominant in its field of operation; and
- Is impacted by the construction of the Purple Line Light Rail Project in Montgomery County.

As funding for this supplemental is a continuation of grants previously provided by the state – with funding being distributed in tranches – the scope of the program has not changed—with the application process for business selection having already closed. It is worth noting that businesses most likely to benefit from the grants also remains the same and that LEDC is particularly equipped to advance equitable outcomes for small businesses of color along the Purple Line. Specifically, as noted in the REIA for the [Purple Line Grant Program](#):

Businesses located along the Purple Line—a 16-mile, 21 stop light rail transit project between Bethesda and New Carrollton—have been deeply affected by stop-and-go³ construction beginning in 2016. According to the Purple Line Corridor Coalition (PLCC), “hundreds of small businesses, primarily owned by immigrants and people of color, [and] many of which are micro-businesses with five or fewer employees, are those most affected by construction disruptions, increasing rents, and rising land costs.”⁴ Prior to the pandemic, these businesses were experiencing a range of operational challenges as a result of Purple Line construction. In a February 2020 Maryland Matters article⁵, business owners reported customers having trouble reaching their storefronts [and] customer food-delivery delays. These operational challenges forced some businesses to layoff workers—all before the pandemic accelerated layoffs and closures. In addition to the short-term consequences of Purple Line construction, PLCC describes the importance of applying a racial and economic equity lens to the opportunities and risks associated with the development. Taking actions to prevent commercial displacement, particularly in light of the ever-changing pandemic operating environment is critical. As a Co-Chair of the PLCC Small Business Action Team and a CDFI [Community Development Financial Institutions] with deep relationships, expertise, and decades of small-business lending and coaching across communities of color in the region, the selection of LEDC as the administrator of this grant fund is a strategic advantage of this supplemental appropriation.

III. **ANALYSIS:** As noted in previous REIAs, the COVID-19 pandemic has contributed, in part, to historic inflation and supply chain issues across the country – impacting myriad industries and resulting in significant cost increases for goods and services. These burdens

³ Wester, A. *What exactly happened with the Purple Line, and will the project ever get back on track?* 2021. Available at: <https://ggwash.org/view/81882/the-purple-line-explained>

⁴ Purple Line Corridor Coalition. *Small Business Support Action Plan*. Available at: <https://purplelinecorridor.org/wp-content/uploads/2021/09/PLCC-Small-Business-Support-Action-Plan-2021-2022.pdf>

⁵ DePuyt, B. *Businesses Seek Relief to Survive Disruption from Purple Line Construction*. 2020. Available at: <https://www.marylandmatters.org/2020/02/21/businesses-seek-relief-to-survive-disruption-from-purple-line-PLCCconstruction/>

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are disproportionately shouldered by communities and businesses of color who, due to systemic inequities, lack access to fiscal resources and supports enabling them to sustain themselves during times of economic downturn. As a result, small business relief programs – through the application of a race equity lens – are essential to keeping small businesses operated by Black, Indigenous, or People of Color (BIPOC) open. As emerging research has shown, the lack of a race equity lens through the Federal Paycheck Protection Program (PPP) resulted in the overwhelming majority of approved loans going to white business owners⁶ as the program was not designed or implemented in a way that effectively reached smaller firms or firms owned by people of color⁷. Funding made available to small businesses through the Purple Line Light Rail Project Grant Program has the ability to mitigate inequities experienced by businesses of color in Montgomery County as the Purple Line Corridor will largely impact those who identify as BIPOC. As identified by PLCC, this includes the communities of Lyttonsville, Silver Spring, Long Branch, and Takoma Park which comprise the largest percentage of non-white residents along the Montgomery County portion of the Purple Line Corridor.⁸ Additionally, the selection of LEDC – a CDFI – as the grant’s administrator will also serve to ensure that Purple Line Grant Funds reach small businesses owned by those who identify as BIPOC as the primary customer base of many CDFIs are more likely to be smaller businesses and businesses owned by people of color⁹.

cc: Ken Hartman, Director, Strategic Partnerships, Office of the County Executive
Jake Weissmann, Assistant Chief Administrative Officer, Office of the County Executive

⁶ U.S. Small Business Administration. *Paycheck Protection Program (PPP) Report*. 2021. Available at: https://www.sba.gov/sites/default/files/2021-01/PPP_Report_2021_01_24-508.pdf

⁷ Policy Link. *10 Priorities for Advancing Racial Equity Through the American Rescue Plan: A Guide for City and County Policymakers*. Accessed at: https://www.policylink.org/sites/default/files/RecoveryGuide-LJ-2021_050621c.pdf

⁸ Purple Line Corridor Coalition. *Progress Report 2020: The Purple Line Corridor Map*, page 7. Available at: https://purplelinecorridor.org/wp-content/uploads/2020/11/UMD_PLCC_2020_Report.pdf

⁹ Thompson, B. *Impact Investing Through Community Development Financial Institutions (CDFIs)*. 2021. Available at: <https://www.forbes.com/sites/brianthompson1/2021/01/31/impact-investing-through-community-development-financial-institutions-cdfis/?sh=5d5407047b75>